

MOTION BY SUPERVISOR GLORIA MOLINA

April 8, 2008

AMENDMENT TO ITEM NO. 42

On April 18, 2006 the Board of Supervisors voted to apply to the Office of Statewide Health Planning and Development (OSHPD) for an extension of the compliance deadline for the Senate Bill 1953 Seismic Retrofit Requirements at Harbor-UCLA and other County hospitals. At that time, we were aware that the delay would mean some increased costs for the project due to increases in construction costs and materials.

However what was completely *unexpected* is that since the beginning of this project, the “soft costs” for construction, such as design services and consultant services, have increased to 46% percent of the total cost of the project. Soft costs have increased by \$11.7 million dollars even though construction costs (or “hard costs”) have actually *decreased* by \$2 million dollars. While it is true that some of these increases in soft costs are attributable to designs that bring down our construction costs, even for the most expensive project, the industry standard for soft costs should not be higher 20%.

MOTION

Molina	_____
Yaroslavsky	_____
Knabe	_____
Antonovich	_____
Burke	_____

DPW averages over 30% on average, and in fact soft costs for the Harbor project would have been around 34% even if there had been no construction savings.

Soft cost increases which account for 46% of DPW's total budget – especially as construction costs have decreased – is unacceptable and can not be justified by project delays. We must understand how this happened and be assured that this will not happen again in the future.

I THEREFORE MOVE, THAT

1) The Department of Public Works present a full analysis of their “hard” and “soft” costs to the PAC charged with overseeing the Harbor-UCLA Surgery-Emergency project within one week so that the PAC can make recommendations to the Department on ways to avoid skyrocketing soft costs and bring their total “soft cost” spending more in line with the private sector, and,

2) The Department of Public Works provide corrective actions to the Board of Supervisors within two weeks of receipt of recommendations from the PAC.

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